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October 8, 2009

CERTIFIED MAIL

Mr. Peter O'Crotty
9170 N. Rancho Feliz Drive
Tucson, Arizona 85704

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL



RE: Despoblado Water Company- Request to Cancel a Current Certificate of Convenience and Necessity ("CC&N") Docket No. W-01642A-09-0432

INSUFFICIENCY LETTER

Dear Mr. O'Crotty:

In reference to the above-mentioned request for CC&N cancellation docketed on September 8, 2009, this letter is to inform you that the request has not met the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C") R14-2-602. The following information needs to be provided in order to determine sufficiency:

1. Complete the applicable portions of the attached Application for Approval of the Sale of Assets and/or for Cancellation of the Certificate of Convenience and Necessity.
2. Provide a complete description of all the Company's assets, estimated value, and current disposition.
3. Describe the organizational structure of the Company.
4. Provide a map and written legal description for the approved service area.
5. The Certificate of Convenience and Necessity for Despoblado Water Company was approved by the Arizona Corporation Commission ("ACC") on June 3, 1959, and initial rates were set. Since that approval, have any customers ever been charged for water service?
6. Other than the nine casita rentals mentioned in the letter, has the Company served any other customers in the service territory?

7. Describe the effect of the cancellation upon the service territory of the applicant and any benefits that will be realized by customers if the cancellation is approved.
8. Has the Company ever had any requests for service by any entity within the service territory.
9. What are surrounding public utilities and describe in what respect, if any, the proposed cancellation will have on any other utility.
10. Please identify any and all mechanics', tax or other liens that have been assessed against the Company or its owners/operators.

Staff would like to use this opportunity to bring the following to your attention:

- Pursuant to the A.A.C. R-14-2-411(C), upon meeting sufficiency requirements, the Commission has 150 days for its substantive review. This includes conducting a hearing and preparing an Opinion and Order to present to the Commission at an Open Meeting; and
- Pursuant to A.A.C. R14-2-411(C)(3), Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

If you have any questions, please do not hesitate to contact me at 602-542-0818.

Sincerely,



Vicki Wallace
Executive Consultant

Cc: Docket Control
Del Smith
Barbara Wells
Lyn Farmer

ARIZONA CORPORATION COMMISSION
APPLICATION FOR APPROVAL OF THE SALE OF ASSETS AND/OR
FOR CANCELLATION OF THE CERTIFICATE OF CONVENIENCE
AND NECESSITY
WATER AND/OR SEWER

General Information

The attached forms have been prepared by the Utilities Division of the Arizona Corporation Commission to assist Applicants filing an application for approval of the sale of assets and/or for the cancellation of the Certificate of Convenience and Necessity. The information required on this application corresponds with Arizona Revised Statutes Section 40-285 and the Arizona Administrative Code R14-2-402.B.

Use of this application is suggested unless a formal pleading format is used by an attorney. The information requested in this application must be included within the pleading.

Attachment "A" is a sample letter of transmittal addressed to the Utilities Division Docket Control Center. Please add information to the letter indicating the purpose and reasons for the application. This format should be used unless you are using a Company letterhead. Place this letter at the beginning of the application. Keep this instruction sheet for your information. Do not attach it to the application.

Instructions

1. Complete all pages accurately and attach all required documents. This will expedite the processing of the application.
2. Complete all the items that apply to your utility. If an item requested does not apply, mark it "not applicable" (N/A). If you do not accurately complete an item, the processing of your application could be delayed.
3. If the space provided is insufficient, put the information on a separate sheet of paper and label it clearly.
4. If an item is to be filed at a later date, mark the item "to be late filed by" and give the date by which it will be filed.
5. Have the application notarized.
6. Submit an original and thirteen (13) copies of this application.

7. Noticing: Attachment "B" is a form of public notification that must be provided the customers. Notice of the application should be provided to all customers with the next bill or by separate mailing **and** by publication at least once in a newspaper of general circulation in the service area within 15 days after the application is filed. Proof of notice should be filed with the Commission within 10 days after notice was mailed or published. A hearing will be held unless all parties agree to waive the hearing and no objections to approval of the application have been made by the public.

Filing

When you have completed the application, mail or deliver it to:

Docket Control Center
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

ARIZONA CORPORATION COMMISSION

**APPLICATION FOR APPROVAL OF THE SALE OF ASSETS AND/OR
FOR CANCELLATION OF THE CERTIFICATE OF CONVENIENCE
AND NECESSITY**

WATER AND/OR SEWER

A. The name, address and telephone number of the Applicant is:

B. If doing business under a name other than the Applicant name, specify.

C. The Applicant is a:

- ☐ Corporation:
 ☐ "C", ☐ "S", ☐ Non-Profit
 ☐ Arizona ☐ Foreign
- ☐ Partnership
 ☐ Limited ☐ General
 ☐ Arizona ☐ Foreign
- ☐ Sole Proprietorship
- ☐ Limited Liability Company (LLC)
- ☐ Other (Specify) _____

D. List the name, address and telephone number of the attorney for the applicant:

E. List the name, address and telephone number of the management contact:

F. The name, address and telephone number of Purchaser is:

G. List the name and telephone number of the purchaser's representative.

H. The Purchaser is a:

☐ Municipality ☐ Improvement District ☐ Other _____

I. The purpose for the sale and/or cancellation is due to:

☐ Negotiated Sale of Asset ☐ Condemnation ☐ Other _____

J. Provide a copy of the following documents.

1. Sales or purchase agreement
2. Court order (if condemnation)
3. Corporate Resolution authorizing the liquidation of the assets, if required by the Articles of Incorporation

K. Have all customer security deposits been refunded? Yes ___ No ___

If no, mark the block below that describes the proposed disposition of security deposits.

☐ All security deposits will be refunded prior to or at time of closing.

☐ All security deposits will be transferred to the Purchaser for refund pursuant to the terms and conditions.

☐ Other (explain)

L. Are there any refunds due on Main Extension Agreements? Yes ___ No ___

If Yes, mark the block below which describes the proposed disposition of the refunds.

☐ Applicant will continue to refund after the transfer. (Explain method of refunding)

☐ Purchaser will assume the refunding obligation in accordance with the terms of the main extension agreement.

☐ Applicant will make a full refund which will be made at closing.

☐ Other (explain).

M. (WATER ONLY) Are there any refunds due on meter and service line installations?
Yes ___ No ___ If Yes, mark the block below which describes the proposed disposition of
refunds.

☐ Applicant will continue to refund after the transfer pursuant to Commission Rules.

☐ Purchaser will assume the refunding obligations in accordance with Commission Rules.

☐ Applicant will make a full refund at closing.

☐ Other (explain).

DATED the ___ day of ___, 20__

(Signature of Authorized Representative of Applicant)

(Type or Print Name Here)

(Title)

SUBSCRIBED AND SWORN to before me on this ___ day of ___, 20__

NOTARY PUBLIC

My Commission Expires _____

ATTACHMENT "A"

(Company Name)
(Mailing Address)
(City, State and Zip)

EXAMPLE ONLY

(Date)

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona 85007

Attached is an application by (Name of Company) for (indicate the type of application this is for).
The purpose of this application is to (Explain the purpose for and reasons behind the application).

(Type Name Here and Sign)

ATTACHMENT "B"

**PUBLIC NOTICE OF AN APPLICATION FOR THE SALE OF ASSETS AND THE
CANCELLATION OF THE CERTIFICATE OF CONVENIENCE AND NECESSITY BY**

[Name of Company]

[Name of Company] has filed with the Arizona Corporation Commission ("Commission") an application for authority to sell its assets and cancel its Certificate of Convenience and Necessity to provide [specific type of service] service. [Name of Company service] system has been [sold/condemned] by [name of Purchaser]. If the application is granted, [name of Purchaser] would be the exclusive provider of [type of service] service to your area and will establish its own rates and charges.

If you have any claims against [Name of Company], including claims for refunds of security deposits, service line and meter installations (Water Only) or main extension agreements and you have not already been contacted by the Company, you must present your claim to [Name of Company] on or before [insert date no sooner than 20 days from date of publication or mailing, whichever is later]. Direct your claim(s) to [name, address and telephone number of Company].

Approval of the application may be given without a hearing. If you have any questions or concerns about this application, have any objections to its approval or would like to request information on intervention in the proceeding, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 602-542-4251 or toll free 1-800-222-7000.